

Group Essay projects from Dr. Marvin Getz at Vanderbilt University

Essay A due Friday October 25, Team Project: Choose one of four topics.

#1 Externality

Discuss an economic problem involving a significant externality. Examples are the ocean fishery, water quality, air quality, noise, and global warming. The essay should advise a senator about the nature of the problem (What is the externality? How important is it?), about current policies (what are they and how well do they work?), and about proposed changes in policies.

#2 Defense

The Economist's "Survey of the Defence Industry" (July 20, 2002) raises a number of questions about American defense policy. Your essay should advise a senator on one or more dimensions of the debate. An essay might consider the nature of threats and how to counter them, the nature of competition and foreign trade in weapons production, the positive and negative role of political forces in shaping defense spending. The "Survey" emphasizes the role of digital technologies throughout and so an essay should consider them.

#3 Medical

Write an essay critiquing proposals to reform Medicare and medical services for the poor, giving counsel to a senator on the issues. Chapter 12 of Stiglitz and the symposium in the Spring 2000 Journal of Economic Perspectives are starting points. See also "Second Class Medicine" in Consumer Reports, September 2000 pp. 42-51.

Why should government be involved in financing medical services? What is the government role now in the US and how does it compare to other countries?

What are the main deficiencies in how government supports medical services in the US now? What are the major ideas for changing how government organizes and finances medical services? How do the Republicans and Democrats differ on this issue? Who wins and who loses with each major reform idea? How would a given reform affect the rich and the poor?

#4 Social Security

Is the Social Security public pension program financial sound? If not, what policies changes might you recommend to your Senator? Here is one possible source.

Henry J. Aaron and John B. Shoven, Should the United States Privatize Social Security? (Cambridge: MIT Press, 1999) John Shoven, "Two Tiers" pp. 1 – 53, Henry Aaron, "Tune-up," pp. 55-112. (Available at net library)

Mid-term Examination Wednesday, November 6

Essay B Income Taxation due Monday, December 2 Team Project

Each team will choose an issue in the reform of the Personal Income Tax (or a related tax) and write an essay, describing the issue, evaluating possible changes, and drawing appropriate conclusions. The essay should identify which groups will favor and which will oppose particular changes. Write as though you are briefing a Presidential candidate. Here is a list of issues. Use Stiglitz as a starting point and seek such additional information as necessary. Use of appropriate microeconomic analysis is necessary. You should search EconLit and PAIS for books and articles relevant to your topic.

Here are books on reserve that may be useful:

Paul Krugman, *Fuzzy math: The essential guide to the Bush tax plan* New York and London: Norton, 2001, pages 128.

Henry J. Aaron & Robert D. Reischauer, ed. *Setting National Priorities: Budget Choices for the Next* (Brookings 1999) chapter 7.

Joel Slemrod *Does Atlas Shrug? The Economic Consequences of Taxing the Rich* (Harvard University Press, 2002). 500+ pages

Henry Aaron & William Gale, *Economic Effects of Fundamental Tax Reform*, (Brookings, 1996).

Michael Boskin, *Frontiers of tax reform*, (Hoover Institution, 1996)